

# **Electricity Rates, Affordability Challenges, and Options for the Future**

*Assembly Utilities and Energy Committee*

*Matthew Freedman*

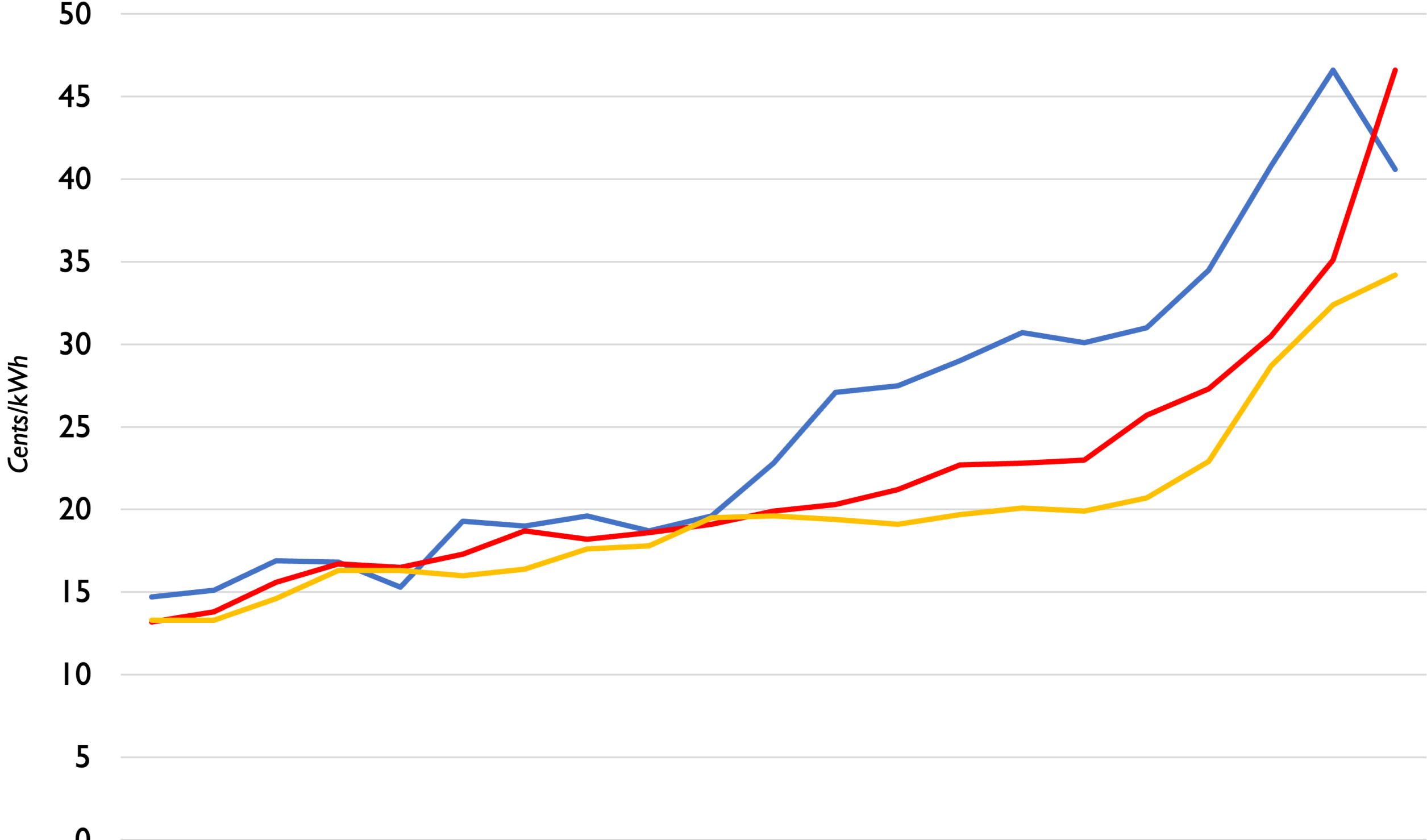
*Staff Attorney*

*The Utility Reform Network*

*March 6, 2024*



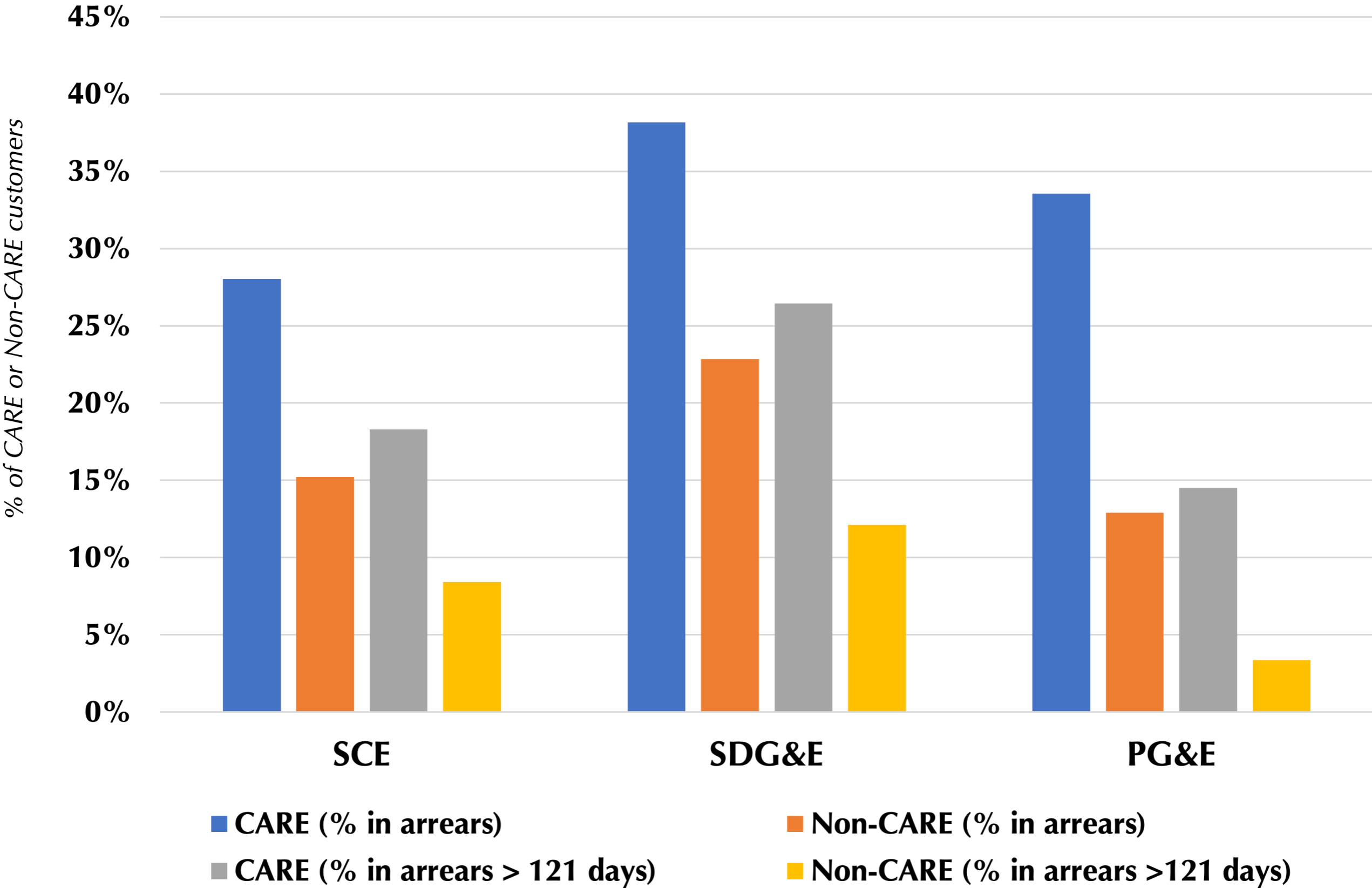
# Bundled Retail Electricity Rates (Residential Non-CARE)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SDG&E	14.7	15.1	16.9	16.8	15.3	19.3	19	19.6	18.7	19.6	22.8	27.1	27.5	29	30.7	30.1	31	34.5	40.8	46.6	40.6
PG&E	13.2	13.8	15.6	16.7	16.5	17.3	18.7	18.2	18.6	19.1	19.9	20.3	21.2	22.7	22.8	23.0	25.7	27.3	30.5	35.1	46.6
SCE	13.3	13.3	14.6	16.3	16.3	16	16.4	17.6	17.8	19.5	19.6	19.4	19.1	19.7	20.1	19.9	20.7	22.9	28.7	32.4	34.2

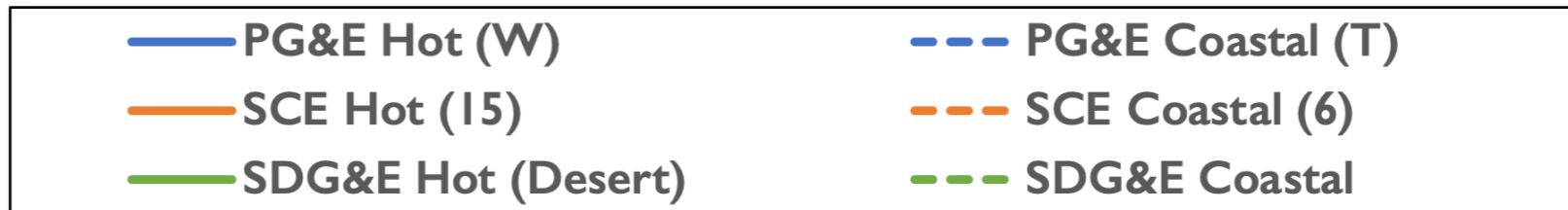
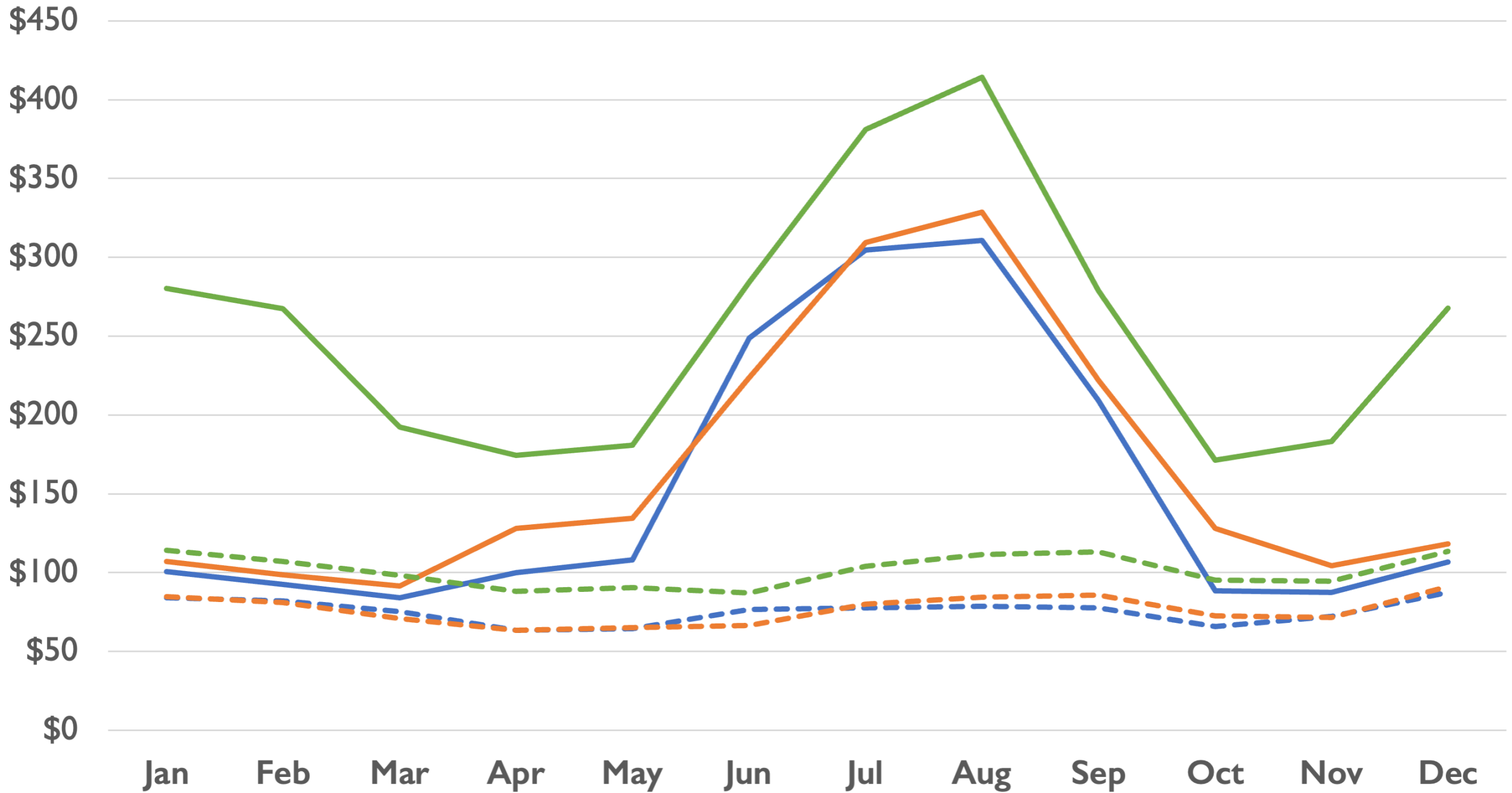
# Residential customer electricity bill arrearages by IOU

*January 2024*



# Average monthly electricity bill for residential CARE customer

*Comparison of hot and coastal zones for PG&E, SCE and SDG&E*



# **INCOME GRADUATED RESIDENTIAL ELECTRICITY FIXED CHARGES**

## **TURN has a long history of opposing residential fixed charges**

- Concerns about adverse impacts on energy efficiency/conservation
- Concerns about adverse impacts on low-income/usage customers

## **Changed circumstances + AB 205 justify a new approach**

- Extraordinarily high rates provide more than adequate incentives for energy efficiency/conservation even with a fixed charge
- Greater portion of costs driving rate increases are unrelated to customer demand/usage (grid hardening, wildfire mitigation/liability)
- Dramatic growth in NEM participation shifts recovery of fixed costs to non-participants, has significant impacts on residential customer rates
- Electrification (building/transportation) is a new policy priority
- Income differentiation can protect (and benefit) lower income customers

## **Benefits of a fixed charge**

- Promotes equity by reducing bills for low-income customers
- Promotes electrification and limits summer bill spikes
- Better aligns usage rates with the cost of incremental consumption

# **TURN AFFORDABILITY PROPOSALS**

## **Limiting rate increases (Ratepayer Relief Act)**

- Direct CPUC to place greater reliance on cost-effectiveness measures, increased shareholder responsibility for overspending and affordability benchmarks.
- Limit annual rate increases to Social Security COLA

## **Use of external funding sources to reduce rates**

- Climate Equity Trust
- Sources include state income taxes, Cap-and-Trade revenues, Climate bond, federal IIJA and IRA funds

## **Alternative financing/ownership options**

- Low cost financing for new transmission and clean generation
- Public ownership of Transmission through POUs and/or State Infrastructure authority

## **Providing low-income customer bill relief**

- Income graduated fixed charge
- Increase CARE gas discount to match electric bills (30-35%)
- Community solar implementation (AB 2316)
- Strengthen disconnection protections (SB 1142)